



The Commonwealth of Massachusetts
Motor Vehicle Insurance - Merit Rating Board
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MARY ANN MULHALL
DIRECTOR

TO: Massachusetts Merit Rating Liaisons

FROM: Mary Ann Mulhall, Director

DATE: August 3, 2005

RE: Safe Driver Insurance Plan (SDIP) for 2006

NOTICE NO: 0018

The Safe Driver Insurance Plan (SDIP) for 2006 approved by the Commissioner of Insurance requires some changes to the Merit Rating Board (MRB) Administrative Procedures for SDIP Policy Inquiries and SDIP Claims. I'm listing below these changes so that insurers may start modifying their IT applications.

The MRB expects to begin processing SDIP Policy Inquiries for policy year 2006 on October 17, 2005. Insurers may include policy year 2006 inquiries along with inquiries for prior policy years on the same Inquiry Source File. The MRB expects to begin processing SDIP Policy Inquiry test files for policy year 2006 on October 4, 2005.

1. SDIP Operator Points Calculation. The SDIP for 2006 replaces Operator SDIP Step with Operator SDIP Points. The MRB will report the total number of Operator SDIP Surcharge Points from 00 to 45; the value of 98 to indicate the Excellent Driver Discount (5-year discount); or the value of 99 to indicate the Excellent Driver Discount Plus (6-year discount).

2. Reporting of Bodily Injury Liability Claims. The SDIP for 2006 requires insurers to report Bodily Injury Liability claims that occur on or after January 1, 2006 to the MRB if there is neither a surchargeable Property Damage Liability (PDL) claim nor a surchargeable Collision claim as a result of the incident with the Bodily Injury Liability claim. The existing Surcharge Notice Form should be used for surchargeable Bodily Injury Liability claims. See 211 CMR 134.05: Notification of At-Fault Accidents.

3. Inquiry Record. There are no changes to the Inquiry Record length or field sizes for the 2006 SDIP. Insurers may include policy year 2006 inquiries along with inquiries for prior policy years on the same Inquiry Source File. There are changes to field values as follows:

3.1. Operator Surname - Deferred Indicator (field number 13). The deferred indicator has no meaning for policy year 2006, however an Inquiry Record with an asterisk "*" in position 10 of the Operator Surname will not be rejected.

4. Response Record. There are no changes to the Response Record length or field sizes for the 2006 SDIP. The names of some fields and the values allowed in some fields are changed as follows:

4.1. Operator SDIP Points (field number 10). Operator SDIP Points renames Operator SDIP Step. This field contains points from 00 through 45 or a value of 98 to indicate the Excellent Driver Discount, or a value of 99 to indicate the Excellent Driver Discount Plus. The value of E0 continues to indicate an Inquiry Record with errors.

4.2. Operator Incident-Free Period (field number 16). Operator Incident-Free Period renames Operator Credit Points. This field contains the number of consecutive Incident-Free Years immediately preceding the Policy Effective Date and within the Policy Experience Period of the policy for which the operator had a valid driver's license and had no Surchargeable Incidents.

4.3. Operator Experience Date (field number 17). Operator Experience Date renames Operator Credit Experience Date. The Operator Experience Date contains the beginning date of the Policy Experience Period (six years) or a later date if the operator has fewer than six years of driving experience.

5. Input Claim Record. There are no changes to the Input Claim Record length or field sizes. There are changes to values allowed in some fields as follows:

5.1. Type of Loss Code (field number 18). The value of 12 is added for a Bodily Injury Liability Claim with an incident date on or after 01-01-2006. If the Type of Loss Code is 12 and the incident date is before 01-01-2006, the claim will be rejected with Error Code 08 (Incident Date).

5.2. Loss Amount (field number 26). There is no change to the size of the loss amount field. If the Bodily Injury Liability loss amount is greater than \$999,999, the insurer should set the value to 999999.

6. Output Claim Record. There are no changes to the Output Claim Record length or field sizes for the 2006 SDIP.

6.1. MRB Error Code (field number 3). A claim transaction with Type of Loss Code = 12 (Bodily Injury Liability) and Incident Date before 01-01-2006 will be rejected with Error Code = 08 (Incident Date).

7. Safe Driver Insurance Plan (SDIP) Statement. The SDIP Statement format is being revised and will be available when approved by the Commissioner of Insurance. The SDIP for 2006 requires the insurer to send the SDIP Statement to any policyholder with one or more vehicles not eligible for the Excellent Driver Discount Plus. The new 2006 statement format must be used for a policy effective on or after 01-01-2006. The 2005 statement format must be used for a policy effective from 01-01-2005 through 12-31-2005. The 2004 statement format must be used for a policy effective prior to 01-01-2005.

8. Assignment of Operators to Insured Vehicles. The SDIP regulation for 2006 eliminates the procedure for application of Operator SDIP information to a vehicle. Revised Rule 28 of the 2006 Massachusetts Private Passenger Automobile Insurance Manual is the single rule for the classification of operators and for the assignment of operators to insured vehicles.